

CONFIDENTIAL

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THIS IS UNEVALUATED INFORMATION

- 25X1 1. [] the Soviet director of the Siemens-Schuckert plant at 88
Siemensstrasse, Vienna XXI []
25X1 [] stated that the Siemens plant
25X1 would schedule its work only on a month to month basis, and that no raw
25X1 materials were to be stockpiled.*
- 25X1 2. Soviet directors of the Siemens-Schuckert plants at 150 Engerthstrasse
25X1 and 88 Siemensstrasse and of the Wiener Kabel-und Metallwerke A.G. of 88
25X1 Siemensstrasse have refused to accept delivery of 30 machine tools ordered
several months ago from the Skoda works and from Eastern Germany. The di-
rectors allegedly stated that they lacked funds to pay for the machinery
which is now stored in a USIA warehouse in Inzersdorf.**
- 25X1 * [] Comment: There seem to be no signs that the Soviets are reluctant
25X1 to accept orders, however. Also, there is no indication that the statement
regarding Soviet withdrawal or a shortened work schedule is the result of
high level Soviet directives.
- 25X1 ** [] Comment: [] this refusal [] another indication of
25X1 the Soviet intention to liquidate its assets in anticipation of a state
treaty. However, reports of the last several months indicate that the USIA-
controlled Siemens plants are inefficiently operated and have high production
costs. The USIA electrical industry has recently felt repercussions from
price cuts by non-USIA electrical firms. USIA recently cut three and four
horsepower electric motors by 25 and 30% to meet competition, and USIA elec-
trical firms will probably suffer loss. The new price-wage agreement will
also increase the financial burden. These factors tend to support the Soviet
directors' statements that failure to accept machinery is a result of a lack
of funds.

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